

Lanesboro Public Utilities  
Council Chambers  
January 21<sup>st</sup>, 2014, 12:30 p.m.

Commissioners Present: Gerald Evenson, Chair  
Dennis Schuck

Absent: Theresa Coleman

Staff Present: Jim Peterson  
Jerod Wagner

*Commissioner Evenson called the meeting to order at 12:40 p.m. Commissioner Schuck moved to adopt the agenda. Motion was seconded by Commissioner Evenson. Motion carried.*

*Commissioner Schuck moved to approve the minutes of the December 16<sup>th</sup>, 2013 meetings. Motion was seconded by Commissioner Evenson. Motion carried.*

### **New Business**

#### **A. UUMPA Update (Jerod)**

*The UUMPA meeting was attended by Jerod Wagner of the Lanesboro Public Utilities Commission. He was on hand to provide an update to the PUC regarding the meeting. Wagner stated that the items of importance to the PUC included Dairy Land Power Rate Relief which could be as high as 3%+/- . He stated that our contract was with Tri-County for electric utility and we have two more years before we can "off-ramp." He indicated that Lanesboro does not need to sign any type of contract with UUMPA at this juncture.*

#### **B. Lanesboro Dam-State Bond Update (David)**

*Administrator Todd advised the PUC that the news had reported that Governor Dayton proposed \$4 million dollars for repair, restoration, or removal of the Lanesboro Stone Dam. Todd reminded the PUC that this is simply a proposal from the Governor and that it still needs to be approved by the State Legislature. However, it signifies an important step has been reached in the process of getting placed on the State Bonding Bill for 2014.*

## **Regular Business**

### **A. Payables**

*Commissioner Evenson moved to pay expenses of the Lanesboro Public Utilities. Motion seconded by Commissioner Schuck. Motion carried.*

### **B. Update on the PFA Loan Pre-Application Materials-Interim Financing (\$1,000,000)**

*Administrator Todd briefed the PUC regarding interim financing for the Water Radium Project. Mike Davy, of Davy Engineering, suggested the City utilize interim financing from Minnesota Rural Water Authority to bridge the project until PFA Loan funding becomes available in September. Todd stated that he spoke with the City's financial advisor, Mike Bubany, who guided the City through the process. Bubany stated that through the MRWA Midi-Loan program, the City can borrow up to \$1.5 million dollars utilizing the money in a draw down format. The draw down format allows the City to draw on the bond as needed, thus, saving the City extra costs associated with the loan. Bubany recommended the City borrow \$1 million for this project from MRWA to insure there would be no need to seek additional financing if the project required it. By setting up the interim financing this way, the City only pays interest on what it draws and not the entire amount which would be a cost saving measure for the City. At the end of the note, the City would then be forwarded the entire remaining balance and then interest would accrue. However, once PFA Financing becomes available in September, that loan would pay off the Midi-Loan and there would be no additional interest charged to the City. Todd advised that the City Council had been informed and has approved the resolution to apply for the Midi-Loan for the project. Todd advised the City that Bubany stated that the City had been approved for the Midi-Loan and that he would price it out next week for a draw by mid-February.*

### **C. Update Parkway Pub Shut-Off Notice (Letter to Vince Jeanette)**

*Administrator Todd advised the PUC that a letter was sent to Mr. Jeanette regarding the past due balance on the account and advising Mr. Jeanette that he had until February 25<sup>th</sup>, 2014 to bring his account current or the utilities for the building would be shut-off. Todd provided a copy of the letter sent to Mr. Jeanette to the PUC for review.*

D. Update on the Minnesota Department of Health-Fluoride Analytical Device Grant

*Administrator Todd advised the PUC that the grant submitted was not approved. He stated that he was told in a letter that there were more than 56 requests for the five awards and that Lanesboro did not make the cut this time. He was advised that it was due to sheer numbers that we did not get approved (56 requests for 5 awards). Todd advised that when the grant opens up again in the future he will reapply.*

E. Update on Lanesboro Photo Voltaic Plan-CERTS Training

*Jerod Wagner stated that the CERTS training was for entities seeking grant funding for this program. He indicated that the training was supposed to be held in Owatonna; however, due to inclement weather the training was cancelled. He stated that Lanesboro's presence was not needed at the training to become eligible for the funding and in fact, Lanesboro had applied for the funding. He indicated that the training would have been useful but it was not required.*

F. Update Line Loss-Alley behind Potiche Pottery, Pedal Pushers, The Pub, and Gil B's, further action needed?

*Jarod Wagner indicated that there has been no further action taken at this point. He indicated that there is some responsibility from the City regarding the payment of the electric lines that needs to be addressed prior to going forward on this issue.*

G. Update Bid for Construction of Well Site-February 18<sup>th</sup> at 2:00 p.m. with a PUC Meeting to follow at 5:00 p.m.

*Administrator Todd advised the PUC that Mike Davy indicated his preference for opening the bids on February 18<sup>th</sup> at 2:00 p.m. He also indicated that he would like to have a meeting of the PUC the same day at 5:00 p.m. to go over the bid award. Chair Evenson acknowledged the date and time and affirmed the PUC would convene for bid opening with a PUC meeting to follow at 5:00 p.m.*

H. Update Utilities Disconnect Policy-Dollar Amount or Time Frame for Delinquency?

*Administrator Todd asked the PUC for clarification regarding our delinquency and shut-off policy for residential and business utility accounts. Todd stated that there needed to be clarification regarding whether the PUC wishes to utilize a dollar amount or length of time as factors for disconnect. Todd included Lanesboro's current policy which was outdated. Chair Evenson expressed a desire to utilize a dollar amount for delinquency and disconnect. Todd pointed out that perhaps there needed to be a combination of both and cited business accounts that average higher dollar amounts than residential users per billing cycle. Todd advised that he would seek out other cities' policies and craft a policy for review by the PUC by next meeting.*

I. Case Backhoe quote from Don Benz-Titan Machinery (Merchants Bank 3, 4, and 5 year lease options).

*Administrator Todd provided the PUC a quote and list of lease options for the City's backhoe. The backhoe is approximately 8 years old and nearing the trade in limit. The quote provided by Mr. Benz indicated that Titan Machinery would give the City \$39,931.00 in trade in allowance for the backhoe. The cost for a 2014 Case Backhoe is \$85,161.00 (plus a \$250.00 document fee). **85,161.00-\$39,931.00= a financed amount of \$45,230.00.** Merchants Bank provided terms for full payout municipal lease at 3 years, 4 years, and 5 years with an interest rate of 3.59%. The down payment would constitute the first payment of the lease; therefore, the City would not need to make a lease payment for one full year. The breakdown is as follows: 3 year lease- \$16,190.31 yearly payment due in arrears; 4 year lease- \$12,357.70 yearly payment due in arrears; 5 year lease- \$10,060.10 yearly payment due in arrears. Each option would require 3, 4, or 5 annual payments with the first payment due one year after signing and delivery. Chair Evenson stated that he would like to wait to see what the City wanted to do and whether there would be a cost share as has been the arrangement in the past. Todd stated that he would place the item on the February Council agenda for discussion.*

J. Miscellaneous

*Jim Peterson advised that Taylor Farms has been overloading their tub and he indicated the cost to improve the line would be nearly \$5,000. He also indicated that the alley behind Hillcrest also needed line improvement in the amount of \$25,000. He suggested this spring as a timeframe and that the PUC needed to budget for these capital improvements for 2015.*

*Jerod Wagner stated that he would need to spend a little money for safety improvements to the light plant on the report of Bruce Bosu the City's Safety Coordinator.*

K. Davy Engineering Meet with the PUC

*Jim Kochie from Davy Engineering requested a meeting with the PUC to finalize the plans for the Water Radium Project. The meeting was set for Thursday, January 30<sup>th</sup> at 10:00 a.m.*

**L. Next Meeting: February 18<sup>th</sup> at 2:00 p.m. for Bid Opening and 5:00 p.m. for the Regular Meeting.**

**Adjourn Regular Meeting:**

*Motion was made by Commissioner Evenson to adjourn the regular meeting of the PUC. Motion was seconded by Commissioner Schuck. Motion carried all in favor.*

Respectfully Submitted:

David Todd  
City Administrator